MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BAC1034 – PRINCIPLES OF FINANCIAL ACCOUNTING

(All Sections/ Groups)

8 MARCH 2019
9.00 am – 11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **4** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

Presented below is the Trial Balance items for Friso Berhad as at 31 December 2018.

	Dr (RM)		Cr (RM)
Cash	15,000	Accounts Payable	22,000
Accounts Receivable	10,800	Notes Payable	25,000
Supplies	23,000	Unearned Service Revenue	8,000
Prepaid Insurance	1,200	Share Capital–Ordinary	60,000
Land	80,000	Rent Revenue	20,000
Equipment	40,000	Service Revenue	35,000
	170,000		170,000

Other data:

1. A count of supplies as at 31 December 2018 indicated that supplies of RM13,000 has been used.
2. Prepaid insurance is a 2-year policy starting 1 January 2018.
3. The notes payable amounted RM25,000 was issued on 1 January 2018 with 6% interest annually.
4. Depreciation on equipment is 5% using straight-line method.
5. Unearned service revenue of RM3,000 remained unearned.
6. The company declared a dividend of RM22,000 at the end of year.

Required:

(a) Prepare the Adjusted Trial Balance for Friso Berhad as at 31 December 2018.

(7 Marks)

(b) Adjusting entries are classified as either deferrals or accruals. Identify the TWO (2) deferrals and the TWO (2) accruals.

(4 Marks)

Part B

Anmum Berhad provided the following financial statement items as at 31 December 2018.

	(RM)		(RM)
Utilities Expense	5,000	Salaries and Wages Payable	24,000
Interest Expense	3,000	Salaries and Wages Expense	12,000
Accounts Payable	23,000	Accumulated Dep. – Off. Equip.	15,000
Service Revenue	47,000	Dividends	20,000
Retained Earnings (1 January)	18,000	Depreciation Expense	7,500
Share Capital-Ordinary	50,000	Commission Revenue	10,000
Cash	38,000	Note Payable (Long-term)	30,000
Accounts Receivable	26,000	Advertising Expense	18,500
Office Equipment	90,000	Interest Payable	3,000

Continued.....

Required:

(a) Prepare the Statement of Profit or Loss for the year ended 31 December 2018. (4 Marks)

(b) Prepare the Retained Earnings Statement for the year ended 31 December 2018. (2 Marks)

(c) Prepare the Statement of Financial Position as at 31 December 2018. (5 Marks)

(d) There are THREE (3) main activities in accounting process. Identify each activities. (3 Marks)

[TOTAL 25 MARKS]

QUESTION 2

Part A

Pureen Berhad had the following Adjusted Trial Balance as at 31 December 2018.

PUREEN BERHAD
Adjusted Trial Balance
As at 31 December 2018

Account Titles	Debits (RM)	Credits (RM)
Cash	600,000	
Accounts Receivable	382,000	
Machinery	750,000	
Accounts Payable		230,000
Accumulated Depreciation–Equip.		24,000
Share Capital - Ordinary		500,000
Retained Earnings (1 January)		150,000
Dividends	60,000	
Service Revenue		545,000
Unearned Rent Revenue		240,000
Rent Revenue		300,000
Salaries and Wages Expense	110,000	
Depreciation Expense	12,000	
Commission Expense	26,000	
Insurance Expense	9,000	
Advertising Expense	10,000	
Utilities Expense	30,000	
Total	**1,989,000**	**1,989,000**

Required:

(a) Journalize the entries required to close the accounts. (7 Marks)

(b) Prepare the post-closing Trial Balance as at 31 December 2018. (3 Marks)

Continued.....

Part B

Storley Berhad had the following transactions and events occurred for the month of October 2018.

Oct 2	Purchased 300 units merchandise from Quinny Berhad costing RM1,500 each on account, FOB Shipping Point, term 4/10, n/30. The appropriate party also made cash payment of RM1,200 for freight on this date.
6	Received credit from Quinny Berhad for merchandise returned amounted RM6,000.
8	Sold 100 units merchandise to customer for RM2,500 each, FOB Destination, terms 2/10, n/30. The cost of the merchandise sold was RM1,500 each. The appropriate party also made cash payment of RM4,000 for freight on this date.
10	Received 2 units of goods return from customer. The goods were not defective.
12	Paid Quinny Berhad in full, less discount.
18	Received payment in full from customer upon credit settlement for transaction on 8 October 2018.

Required:

(a) Journalize the above transactions using the perpetual inventory system. Show all workings. (11 Marks)

(b) Provide any TWO (2) differences between Perpetual Inventory System and Periodic Inventory System. (4 Marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

Moeder Berhad had the following inventory information as below:

Date	Transactions	Units	Unit Cost (RM)
2018			
Apr 1	Beginning Inventory	200	5
5	Purchase	300	4
May 3	Purchase	150	6
Jun 2	Purchase	350	3
		1,000	

A physical count of inventory as at 31 December 2018 revealed that there were 300 units on hand. The company uses periodic method to account for their inventory.

Required:

Answer the following independent questions.

Continued.....

(a) If the company uses the FIFO method, calculate the value of the ending inventory and the total cost of goods sold as at 31 December 2018. Show all workings.

(3 Marks)

(b) If the company uses the Average method, calculate the value of the ending inventory and the total cost of goods sold as at 31 December 2018. Show all workings.

(3 Marks)

(c) Calculate the difference in the amount of income that the company would have reported if it had used the Average method instead of the FIFO method. Would income have been greater or lesser? Show all workings.

(2 Marks)

Part B

(a) Almond Berhad identified the following weaknesses occurred in the company's internal control.

1. Treasurer did not crosscheck total cash receipts maintain by cashier to the bank deposit submitted by accountant.
2. The same individual who handles purchase order and handles order approval.
3. There were no safety measures over petty cash money.
4. Collection of receipts and payments were not properly numbered and filed.
5. Several cashiers operate the cash register using the same register drawer.

Required:

For each weakness, identify the internal control principle that is violated and suggest a change in the procedure that will result in good internal control.

(10 Marks)

(b) Below list of items for Unicorn Berhad to prepare bank reconciliation.

1. Cheques amounted RM5,000 were outstanding.
2. Service charge of RM20 was charged by the bank in the bank statement.
3. Collection of notes receivable amounted RM400 was made by the bank.
4. There were deposits in transit amounted RM3,200.
5. There were RM105 in paid petty cash vouchers that have not been reimbursed.
6. Bank erroneously charged a wrong cheque to Unicorn Berhad amounted RM1,000.
7. The correct cheque payment to the bank was RM2,350 but the company's accountant mistakenly recorded RM3,250 in the company's book.

Required:

Identify how each of the items above would be recorded in preparing bank reconciliation.

(7 Marks)

[TOTAL 25 MARKS]

Continued.....

QUESTION 4

Part A

A comparative Statement of Financial Position for Barney Berhad is presented below:

BARNEY BERHAD
Comparative Statement of Financial Position as at 31 December

	2018	2017
Assets	**(RM)**	**(RM)**
Cash	201,000	153,000
Accounts receivable (net)	170,000	130,000
Prepaid insurance	47,000	55,000
Land	200,000	400,000
Motor Vehicle	350,000	250,000
Accumulated depreciation	(200,000)	(120,000)
Total Assets	768,000	868,000
Liabilities and Equity	**(RM)**	**(RM)**
Accounts payable	135,000	150,000
Bonds payable	140,000	190,000
Share capital - Ordinary	250,000	333,000
Retained earnings	243,000	195,000
Total liabilities and equity	768,000	868,000

Additional information during 2018:

1. Net income for the year was RM68,000.
2. Cash dividends of RM20,000 were declared and paid.
3. Land was sold for cash at a gain of RM20,000. This was the only land transaction in 2018.
4. Motor vehicle with a cost of RM150,000 and accumulated depreciation of RM100,000 was sold for RM50,000 cash.
5. RM80,000 of bonds were redeemed during the year.
6. A new motor vehicle was acquired through ordinary shares amounted RM250,000.

Required:

(a) Prepare the net cash provided by operating activities section of the company's Statement of Cash Flows for the year ended 31 December 2018, using the indirect method. Show all workings.

(8 marks)

(b) List another TWO (2) main activities required in preparing company's Statement of Cash Flow.

(2 marks)

Continued.....

Part B

Diamond Berhad had the following comparative current assets and current liabilities:

	2018 (RM)	2017 (RM)
Current assets		
Cash	60,000	30,000
Short-term investments	40,000	10,000
Accounts receivable	55,000	95,000
Inventory	110,000	90,000
Prepaid expenses	35,000	20,000
Total current assets	300,000	245,000
Current liabilities		
Accounts payable	140,000	110,000
Salaries payable	40,000	30,000
Income tax payable	20,000	15,000
Total current liabilities	200,000	155,000

During the year 2018, credit sales and cost of goods sold were RM750,000 and RM400,000, respectively.

Required:

Calculate the following liquidity ratios for the year 2018. Show all workings.

1. Current ratio.
2. Working capital.
3. Acid-test ratio.
4. Accounts receivable turnover.
5. Inventory turnover.

(15 Marks)

[TOTAL 25 MARKS]

End of page.